

the case that government policy failures played some role in the crisis, but the most egregious of these is ignored by these partisans—the refusal of the Republicans in the Bush administration, the Federal Reserve and in Congress to support Democratic efforts to restrict the kind of irresponsible predatory mortgages that should not have been issued and which were a major cause of the crisis. As Mr. Krugman notes, “the G.O.P. commissioners are just doing their job, which is to sustain a conservative narrative. And a narrative that absolves the banks of any wrongdoing, that places all the blame on meddling politicians, is especially important now that Republicans are about to take over the House.” Referring to the incoming Chairman of the Financial Services Committee, Mr. Krugman sadly, but with good reason, predicts “that he and his colleagues will do everything they can to block effective regulation of the people and institutions responsible for the economic nightmare of recent years.”

Madam Speaker, I ask that Paul Krugman's very important correction to an egregiously erroneous report be printed here.

[From The New York Times, Dec. 16, 2010]

WALL STREET WHITEWASH

(By Paul Krugman)

When the financial crisis struck, many people—myself included—considered it a teachable moment. Above all, we expected the crisis to remind everyone why banks need to be effectively regulated.

How naïve we were. We should have realized that the modern Republican Party is utterly dedicated to the Reaganite slogan that government is always the problem, never the solution. And, therefore, we should have realized that party loyalists, confronted with facts that don't fit the slogan, would adjust the facts.

Which brings me to the case of the collapsing crisis commission.

The bipartisan Financial Crisis Inquiry Commission was established by law to “examine the causes, domestic and global, of the current financial and economic crisis in the United States.” The hope was that it would be a modern version of the Pecora investigation of the 1930s, which documented Wall Street abuses and helped pave the way for financial reform.

Instead, however, the commission has broken down along partisan lines, unable to agree on even the most basic points.

It's not as if the story of the crisis is particularly obscure. First, there was a widely spread housing bubble, not just in the United States, but in Ireland, Spain, and other countries as well. This bubble was inflated by irresponsible lending, made possible both by bank deregulation and the failure to extend regulation to “shadow banks,” which weren't covered by traditional regulation but nonetheless engaged in banking activities and created bank-type risks.

Then the bubble burst, with hugely disruptive consequences. It turned out that Wall Street had created a web of interconnection nobody understood, so that the failure of Lehman Brothers, a medium-size investment bank, could threaten to take down the whole world financial system.

It's a straightforward story, but a story that the Republican members of the commission don't want told. Literally.

Last week, reports Shahien Nasiripour of The Huffington Post, all four Republicans on the commission voted to exclude the following terms from the report: “deregulation,” “shadow banking,” “interconnection,” and, yes, “Wall Street.”

When Democratic members refused to go along with this insistence that the story of Hamlet be told without the prince, the Republicans went ahead and issued their own report, which did, indeed, avoid using any of the banned terms.

That report is all of nine pages long, with few facts and hardly any numbers. Beyond that, it tells a story that has been widely and repeatedly debunked—without responding at all to the debunkers.

In the world according to the G.O.P. commissioners, it's all the fault of government do-gooders, who used various levers—especially Fannie Mae and Freddie Mac, the government-sponsored loan-guarantee agencies—to promote loans to low-income borrowers. Wall Street—I mean, the private sector—erred only to the extent that it got suckered into going along with this government-created bubble.

It's hard to overstate how wrongheaded all of this is. For one thing, as I've already noted, the housing bubble was international—and Fannie and Freddie weren't guaranteeing mortgages in Latvia. Nor were they guaranteeing loans in commercial real estate, which also experienced a huge bubble.

Beyond that, the timing shows that private players weren't suckered into a government-created bubble. It was the other way around. During the peak years of housing inflation, Fannie and Freddie were pushed to the sidelines; they only got into dubious lending late in the game, as they tried to regain market share.

But the G.O.P. commissioners are just doing their job, which is to sustain the conservative narrative. And a narrative that absolves the banks of any wrongdoing, that places all the blame on meddling politicians, is especially important now that Republicans are about to take over the House.

Last week, Spencer Bachus, the incoming G.O.P. chairman of the House Financial Services Committee, told The Birmingham News that “in Washington, the view is that the banks are to be regulated, and my view is that Washington and the regulators are there to serve the banks.”

He later tried to walk the remark back, but there's no question that he and his colleagues will do everything they can to block effective regulation of the people and institutions responsible for the economic nightmare of recent years. So they need a cover story saying that it was all the government's fault.

In the end, those of us who expected the crisis to provide a teachable moment were right, but not in the way we expected. Never mind relearning the case for bank regulation; what we learned, instead, is what happens when an ideology backed by vast wealth and immense power confronts inconvenient facts. And the answer is, the facts lose.

H.R. 5987, THE SENIORS PROTECTION ACT

HON. LUCILLE ROYBAL-ALLARD

OF CALIFORNIA

IN THE HOUSE OF REPRESENTATIVES

Friday, December 17, 2010

Ms. ROYBAL-ALLARD. Madam Speaker, I rise today in support of H.R. 5987, the Seniors Protection Act.

H.R. 5987 would provide a one-time payment of \$250 to 54 million American seniors, retired and disabled veterans, and disabled individuals.

Due to low inflation rates, there has not been a COLA, or cost of living adjustment, in

an unprecedented two years. But that doesn't mean America's seniors aren't hurting. In the absence of a COLA this modest payment will help America's seniors weather these tough economic times.

In today's economy seniors are confronted by loss of pension income and retirement savings, high prescription drug costs, and reduced access to affordable housing.

While Republican politicians turn a blind eye to seniors and defend America's millionaires club, the leaders in the Democratic Party continue to work for the dignity of older Americans.

The Seniors Protection Act is another effort in the time tested tradition of the Democratic Party defending the rights and interests of America's senior citizens.

We are the party that established Medicare and Social Security, and last year instituted the Seniors Task Force to continue the work the Democrats have done on behalf of seniors.

If not for Social Security assistance, more than 13 million low-income elderly Americans would fall into destitution.

With so many seniors this close to the poverty line, you can be sure that this payment—while small—will have a significant impact on the economic security of millions.

Aside from the import this will have on America's seniors, studies show that disbursements of this nature are a very effective economic stimulus.

When Social Security beneficiaries received \$250 payments as part of the 2009 Recovery Act, 125,000 jobs were created or saved.

We have an opportunity here to make immediate, tangible improvements to both the lives of millions of seniors and the American economy. Please join me, and my colleagues on the Seniors Task Force in supporting H.R. 5987—The Seniors Protection Act.

IN MEMORY OF PATRICK D. DEANS

HON. JOHN L. MICA

OF FLORIDA

IN THE HOUSE OF REPRESENTATIVES

Friday, December 17, 2010

Mr. MICA. Madam Speaker, I rise today in memory of Patrick D. Deans who was killed in military action December 12, 2010 in Afghanistan, Kandahar Province. This 22 year old youthful Army soldier and his family lived in and near the 7th Congressional District. Patrick was raised in the St. Cloud area and I never had a chance to meet him. Because he did not reside in my congressional district at the time of his death I was not officially notified of his passing. I read about Patrick's life and his service and his death in our local newspaper.

When I read what this young soldier wrote in his Facebook posting on November 10th, one month prior to his being killed in a suicide bomber attack, I felt compelled to include his words and some of his life story in the CONGRESSIONAL RECORD. In his commentary Patrick said, “A veteran is someone who, at one point in their life, wrote a blank check payable to the United States of America for an amount up to, and including their life. That is beyond honor and there are way too many people in this country who no longer remember that fact.”